

## **The complaint**

Mrs W complaints that Amplifi Capital (U.K.) Limited trading as Reeko treated her unfairly by agreeing a loan she couldn't afford to repay.

## **What happened**

In September 2023 Reeko agreed a £1,000 loan to be repaid over 12 months. The monthly repayments were just over £100 per month.

Mrs W says that she was heavily overindebted at this time and relying on credit to repay credit. She's said if Reeko had looked at her credit file it would have seen how much debt she was in and that it shouldn't have lent.

Reeko considered her complaint but disagreed. It said it completed proportionate checks and as a result of these checks, it was reasonable to lend.

One of our investigators considered the complaint and upheld it. Most recently, they said that Reeko should have completed more checks before agreeing to lend. They argued that had Reeko completed proportionate checks it would have seen that Mrs W couldn't have afforded to repay this loan. Reeko didn't agree and asked for an ombudsman to consider the complaint.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having reviewed the complaint in full, I'm upholding this complaint. I'll explain why below.

I've read everything that the parties have said, but I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. And our rules allow me to do this. This reflects the nature of our service as a free and informal alternative to the courts.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. I have used this approach to help me decide Mrs W's complaint.

Reeko needed to make sure it lent responsibly to Mrs W. It therefore needed to complete sufficient checks to determine if Mrs W could afford to sustainably repay the lending. Our website sets out our approach to what we typically think when deciding if a lender's checks were proportionate. There is no set list of checks a lender should do, but there is guidance on the types of checks a lender could complete. However, these checks needed to be proportionate when considering things like the amount and term of the lending, what the lender already knew about the consumer, etc.

Before agreeing to lend Reeko completed a credit search and asked Mrs W for her income

declaration. It said it verified her income using information from a credit search provider and estimated her essential expenditure using Office of National Statistics (ONS) data. As a result of the checks Reevo has calculated that Mrs W would have had sufficient disposable income to afford to repay this loan.

Generally speaking for a loan of this size and term, Reevo completed the types of checks I would have expected to see. It had taken steps to gather her income information and estimate her regular expenditure. It has also completed a credit search which will have informed its calculations on her existing credit commitment expenditure. And this would have shown Reevo how she was managing her existing credit commitments. However, as a result of the information these checks revealed, I think Reevo had good reason to suspect Mrs W couldn't have sustainably afforded to repay this loan.

I say this because the checks showed that Mrs W had a high number of existing credit commitments. From looking at the credit search results Reevo completed, I can see Mrs W was over £60,000 in debt from a high number of different accounts (excluding her mortgage). This included a number of credit & store cards, a budget (revolving account), a mail order account and a credit sale fixed term account. These accounts made up over £25,000 of debt and she also had over £35,000 in loan debt. What is additionally concerning about her loan debt is that it is spread over a high number of different accounts (over 10). So rather than this being a single loan to fund a high purchase, Mrs W appears to continually need to take on additional credit over a sustained period of time. Whilst I appreciate Mrs W was a relatively high earner, I think it's clear that she was over reliant on credit and didn't have capacity to take on any further credit.

In addition, I can see a number of these loans were recently taken out with one in February 2023, two in March 2023 and two in July 2023. Furthermore, Reevo has said that Mrs W applied for an earlier loan with it in May 2023, however it declined this due to affordability concerns. This number of applications in the eight months prior to lending, again suggests to me that she was dependant on credit and that she was unlikely to be able to additional borrowing.

I think it's arguable from the information it already had that Reevo should have concluded it wasn't reasonable to lend. However, if Reevo had gone further to complete more checks such as exploring Mrs W's actual income and essential expenditure, I think it would still have been clear that Mrs W couldn't have afforded to repay this loan. I've looked at her essential expenditure and actual income using her bank statements and together with Reevo's estimates of her regular payments for existing credit, I don't think she could have afforded to sustainably repay this loan.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed below results in fair compensation for Mrs W in the circumstances of her complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

### **Putting things right**

As I don't think Reevo ought to have opened the account, I don't think it's fair for it to be able to charge any interest or charges under the credit agreement. I understand Mrs W has now repaid the balance in full. So Reevo should:

- refund all interest, fees and charges Mrs W paid on the account along with 8% simple interest\* (calculated from the date the overpayments were made until the date of settlement)

- Reevo should also remove all adverse information regarding this account from Mrs W's credit file.

\*HM Revenue & Customs requires Reevo to take off tax from this interest. Reevo must give Mrs W a certificate showing how much tax it's taken off if she asks for one.

### **My final decision**

For the reasons explained above, I uphold this complaint against Amplifi Capital (U.K.) Limited trading as Reevo and require it to put things right in the way I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 18 December 2025.

Claire Lisle  
**Ombudsman**